

PGA WEST Residential Association, Inc.

Annual Homeowners' Meeting Minutes

Saturday, March 13, 2010

8:00 AM

Board Members Present

- Richard Moore, President
- Carl Brooks, Vice President
- Russ Long, Treasurer
- Nancy Aprile, Secretary
- Ray Shaffer, Director
- Dave Sari, Director

Board Members Absent

- Don Mann, Director

Also Present

- Michael L. Walker, General Manager
- Kelly McGalliard, Operations Manager
- David Peters, General Counsel

Richard Moore, President, called the 25th Annual Homeowners' Meeting to order at 8:00 AM on Saturday, March 13, 2010, at the PGA West Residential Association Customer Service Center.

Michael Walker, General Manager, established a quorum, stating the number of homeowners present in person or by proxy, exceeded the number of homeowners required to meet a quorum, which is 471.

Richard Moore announced there are three open positions on the Board of Directors and three candidates running for re-election.

Mr. Moore informed the homeowners that effective July 1, 2006; Civil Code Section 1363.03 changed the voting procedures as it relates to the election process of the Association's Board of Directors. The Association appointed Inspectors of Election to count the ballots. Homeowners were instructed that they may cast their ballots before or after each candidate has presented their speech, but were reminded that the ballots are irrevocable. A Board of Director's Meeting will be held concurrently with the annual meeting to count the ballots. Homeowners were invited to observe the ballot counting process. The inspectors of election will stay until all ballots have been counted. Mr. Moore called the Board of Director's Meeting to order at 8:05 AM.

The Association's General Counsel, David Peters, was in attendance to answer questions regarding the election process. No one questioned the process.

Election of Directors

The candidates for the Board of Directors were introduced. They are: Russ Long (incumbent), Richard Moore (incumbent) and Dave Sari (incumbent). Mr. Moore called for nominations from the floor; none were elicited. Richard Moore asked for a motion to close the nominations. James David made a motion to close the nominations. Seconded by Mike Oppenheim; passed unanimously. Mr. Moore asked each candidate to give a brief presentation explaining why they would like to continue serving on the board.

Mr. Moore explained the voting procedure and instructed those who have not yet voted to please cast their ballot. The inspectors of election began the counting process after all the ballots were received and the annual meeting resumed. The Inspectors of Election were introduced. They are: Roberta Minichiello, Carol Nolte and Sally Herthel. Mr. Moore thanked the Inspectors of Election for their service.

Mr. Moore then introduced each of the board members and explained their position on the board. Mr. Moore also introduced David Peters, General Counsel.

President's Report

Mr. Moore was happy to report that the Association is in good order and is financially sound. The Association's sole source of income is the monthly assessment each homeowner pays. The assessments are determined through the annual budgeting process that Management and the Board members perform every year. Our annual budget is close to \$8 million. Included in the Budget packet that each homeowner receives annually is the reserve study. Our annual reserve study indicates that the Association has adequate reserves. Mr. Moore hopes he can give the same news next year but is concerned due to the difficult economic times.

Mr. Moore reported that there was a decrease in work orders that were processed in 2009 compared to 2008. There were 7,373 work orders generated in 2009, of those 7,369 work orders were completed within the year. Mr. Moore also reported that utility usage has been reduced. Most importantly, the electricity was reduced by 30 percent due to the 108 pool and spa pumps that were replaced with more efficient pumps.

Mr. Moore gave an update on service requests completed by the Maintenance Department. He stated the in-house painting crew painted 72 Greens units and 22 Classic units in 2009. Mr. Moore stated that the Association applied a polyurethane foam roof to the flat roofs on twenty four units. The Maintenance Department also replaced 23 skylights in 2009.

Mr. Moore stated the Landscape and Irrigation Departments have installed water conserving irrigation heads in multiple areas around the Association's property in an effort to conserve water.

Mr. Moore introduced Michael Walker, General Manager, Kelly McGalliard, Operations Manager, Steve Herthel, Reconstruction Manager and Chairman of the Architectural Committee, Bill Bobbitt, Landscape Manager, William Aceves, Maintenance Manager, Russel Armes and Manuel Aceves, Maintenance Department, Chris Morlot, Accountant, Barbara Van Fleet, Customer Service Representative, Kari Martin, Customer Service Representative, Rick Mullins, Administrative Assistant, Joaquin Moreno, Irrigation Foreman, Humberto Gutierrez, Electrical, Justo Gonzalez, Driver of the Water Truck and Street Sweeper, Mario Enciso, Pest Control and Lake Maintenance,

Jesse Gutierrez, Sunshine Landscape, Juanita Espinoza, Sunshine Landscape, Alex Enriquez, Sunshine Landscape, David Peters, the Association's General Counsel, Carol Fulton, the Association's Insurance Agent, and Bob Pantanella, Director of Security.

Mr. Moore gave an update on the Tournament Construction Defect Lawsuit. He stated the scope of work is currently being determined and a cost of repair prepared to submit to the defense. Mr. Moore also gave an update on the water ponding issue on Firestone and stated Firestone no longer floods when it rains. Steve Herthel and his crew along with an outside construction company repaired the street and installed underground drainage that evacuates run off water into Lake SRP2.

Mr. Moore encouraged all homeowners to go to or call Time Warner Cable to obtain a digital converter box. Without the digital converter box channels such as the high definition channels and various music channels cannot be viewed. The Association's contract with Time Warner Cable allows each household to obtain one box at no charge. If additional digital boxes or services are ordered, it is the homeowner's responsibility to pay for those products or services.

Mr. Moore stated the PGA WEST Residential Association, Inc. website, pgawest.org, is up and running. He encouraged all homeowners to use the website for communication and announcements. He also encouraged homeowners to continue to watch channel 98 for announcements. In order for the Association to send documents via electronic delivery each homeowner must complete and return the Opt In card. Mr. Moore ensured the homeowners that the Association does not give out anyone's email address, without the Owner's consent.

Mr. Moore stated there have been some concerns lately with the trash pickup policy. He strongly encouraged homeowners to have their trash out by 1:00 PM. The Association picks up trash Tuesday thru Saturday twice a day. If the trash is left out over night animals can get into the trash and scatter it all over the streets. Mr. Moore asked that trash not be put out any later than 1:00 PM. For residents that leave on Sunday, please put trash in a secure container that rodents or animals cannot get into. Mr. Moore stated the Association is currently looking into a better solution for the trash policy.

Mr. Moore gave an update on the vacant lots. He stated the wind has a tendency to blow thereby causing a lot of dust and sand in the air. The Association has been in contact with the owners of the vacant lots and is currently trying to work out an affordable solution to prevent soil erosion, blowing sand and make the lots more aesthetically appealing.

Mr. Moore called Russ Long to the podium to deliver the Treasurer's Report.

Treasurer's Report

Russ Long stated that the Association is financially strong and that the Association's reserves are healthy. 2010 monthly assessment increases were very minimal. Mr. Long encouraged the membership to consider the Association's direct debit, credit card or lockbox option for payment. Mr. Long reminded homeowners that their monthly assessment includes the dues for both the Residential Association and the Master Association.

Mr. Long reiterated Mr. Moore's statement that the Association only has one source of income, which is the monthly assessment revenue. He also emphasized the importance of timely assessment payments. Payments are due on the first of every month and considered late if received after the 15th.

Mr. Long stated that the Year End Audit will be mailed to all homeowners by the end of next week and if anyone has any questions they should call the Association.

Reconstruction Manager's Report

Mr. Moore presented the Reconstruction Report. He stated that Phase II is winding down and coming to an end. There are currently no new reports of earth movement. Mr. Moore stated the reconstruction crew was heavily involved in the repair of Lake SRP2 in 2009 and the repair was very successful. He also stated that new irrigation was installed around pool 7G.

As the reconstruction work has come to an end, the reconstruction crew began painting units and is now transitioned to being the in-house painting crew. Mr. Moore reiterated, painting is now in-house and will take place year round. Trim is painted every five years and stucco is painted every ten years. Homeowners will be notified in advance when their unit is scheduled for painting. The painting crew has been painting for approximately 90 days and it is working well.

Mr. Moore called Carol Fulton, the Association's Insurance Agent, to the podium. Carol Fulton presented the insurance policies for policy period October 2009 to October 2010. She stated there are no increases in Master policy premiums for 2010. Earthquake insurance has increased substantially due to the high risk of having an earthquake. Carol recommended that homeowners contact their insurance company to obtain earthquake loss assessment coverage. She informed homeowners they need to insure their own personal property for fire, theft, vandalism, water damage, etc. Carol Fulton reminded homeowners that the master policy does not cover water damage. Carol stated that all the carriers she presented to the Board of Directors are 'A' rated or better and are California admitted. Carol Fulton asked if any homeowners have questions regarding the Association's insurance coverage.

Darrell Snyder stated the certificate of liability insurance he received in September showed 125% of extended replacement cost but the certificate he received for October does not show anything.

Carol Fulton informed Mr. Snyder the extended replacement cost is still in effect and she will make sure it is stated on the certificate.

Renate Martin asked Carol Fulton who she recommends for earthquake insurance and the amount that should be carried.

Carol Fulton stated that if a condominium unit is valued under \$135,000, a minimum of \$25,000 should be carried for earthquake insurance. If a condominium unit is valued over \$135,000, then between \$50,000 and \$75,000 should be carried. If the condominium owner's personal insurance is a California Earthquake Authority carrier, the insurance may be purchased through them.

Mr. Moore called Bob Pantanella to the podium to give an update on the construction that is taking place at the gates. Bob Pantanella thanked Mr. Moore then introduced Mark Galvin, Account Manager for Bower Security, Jim Murphy and Steve Hastings, both members of the Master Association Board of Directors. Bob Pantanella stated that the new Guest Management program is up and running on the website. Mr. Pantanella stated there is some construction going on at the gates, which is the first phase of the new transponder system. The new system will offer each home two free transponders which are about the size of band aid and adhere to the windshield in front of the rearview mirror. Each additional transponder is \$25. Vendors can also purchase transponders at a fee of \$25 plus a quarterly maintenance fee of \$25.

Bob Pantanella stated that since 2007, accidents at PGA West have declined dramatically. Accidents have been recorded since 2002 and in 2009, for the first time since 2002, no injuries were reported. Unfortunately, an accident occurred last night on PGA West Boulevard; the driver of the vehicle was intoxicated and seriously injured. Bob Pantanella stated the crime activity for PGA West is relatively low and there were no reports of golf club theft during 2009. Mr. Pantanella stated that in the past there were two to three reports a week for stolen golf clubs. Bob Pantanella asked if the attendees had any questions regarding Gate and Patrol Services that he could address.

Mr. Kohary asked if contractor's vehicles are inspected as they leave PGA West. He stated his patio furniture was stolen from the golf course side of his property. He has looked all over premises for his patio furniture and it is nowhere to be found.

Bob Pantanella informed Mr. Kohary that vehicles are not inspected as they leave PGA West. In the future, the new gate access system will have license plate recognition and cameras. Every gate will have a camera that records all ingress and egress activity.

Mr. Kirshner asked if the transponders are similar to what is used for toll roads. He stated there are many transponders that do not work through the windshield and they have to be mounted on the front license plate.

Bob Pantanella stated the transponders are similar to what is used for toll roads; however, the difference is it doesn't transmit any signal it only receives. The battery never has to be replaced and if it is stolen, it ceases to function. The first shipment of transponders recently arrived. If the transponder does not work on the windshield of a vehicle it will be mounted on the front license plate.

An unidentified homeowner asked when the transponders will be available.

Bob Pantanella stated he would like to get the transponders to the vendors first; however, the transponders are available at the Weiskopf Gate. Call Patrick at the gate to make an appointment for installation. The new program should be fully functional by April 10, 2010, if all goes well.

An unidentified homeowner asked if employees will be eliminated from the gates when the transponder system is activated.

Bob Pantanella stated the new transponder system will not eliminate employees. It will eliminate the employee's hand written activity log. Gate cards will become obsolete and transponders will open all gates.

Ronnie Maravich asked if cart access gates will also have cameras that record the ingress and egress activity.

Bob Pantanella informed Mrs. Maravich that those gates will be the first to have the cameras installed.

Judy LeBlang asked how to go about getting a new transponder if a new vehicle is purchased since the transponders cannot be removed.

Bob Pantanella informed Mrs. LeBlang that if a vehicle is sold or a transponder is damaged the old transponder can be deactivated in about three seconds and a new transponder will be issued.

With no further questions Bob Pantanella thanked the homeowners.

Open Forum

Mr. Kohary asked why there was an increase in monthly assessment amounts. He stated there is no reason what so ever for increases.

Mr. Moore responded that the Association's assessments are different for each type of unit, based upon the services and products they receive. The 2010 budget provides for condominium assessments to either stay the same, decrease slightly or increase by \$1.00. Mr. Moore explained that the Board and Management scrutinize the budget line items and try to maintain services without increasing revenue. Major contractors such as Sunshine Landscape and Valley Pools had no increase in their contracts with the Association for 2010. Mr. Moore stated that some items such as grass seed, fertilizer, petroleum based products and utilities are uncontrollable as prices rise and fall. Mr. Moore mentioned that minimal wage increases were given and that the cost of health insurance benefits also increased. Mr. Moore informed Mr. Kohary that the Compensation Committee reviews each employee's salary and as a whole increased three percent this year.

Mr. Kohary asked how the Association is dealing with delinquencies.

Mr. Moore stated that the Association includes a bad debt line in the annual operating budget, to be utilized if a debt is ultimately considered uncollectable. In the interim various methods of collection are implemented, including small claims actions, liens, superior court actions and foreclosure proceedings. There are approximately 40 accounts that are in some phase of collection. In late 2009 the Association foreclosed on a home because of unpaid assessments. Though the legal process was lengthy and costly, Mr. Moore was happy to report that after all expenses, foreclosing on the unit resulted in a profit for the Association.

David Peters stated PGA West has only about one third of the delinquencies that other associations in the Coachella Valley have. Other Associations are between five to thirty percent delinquent and PGA West is only four percent delinquent.

Darlene Varzak asked if flowers are going to be planted during the summer.

Mr. Moore informed homeowners that flowers will not be planted during the summer months. Planting summer flowers is an expenditure of \$40,000 to \$50,000 that the Association did not budget for.

George Gallogly stated he has been a member of PGA West since 1987. Mr. Gallogly complimented Mr. Moore and expressed that he feels that the entire organization is doing a great job. Mr. Gallogly also thanked Juanita from Sunshine Landscape for doing an outstanding job. Mr. Moore thanked Mr. Gallogly for the comments.

Renate Martin stated she noticed an income of \$43,000 under Document Fees on the financial statement. Ms. Martin asked what the 'Document Fee' is. Mr. Moore stated the Document Fee is

comprised of a variety of incomes; examples include escrow document costs and HOA certification fees.

Ms. Martin asked how much income is collected from violations.

Mr. Moore stated approximately \$3000 to \$4000 a year is collected as a result of violations.

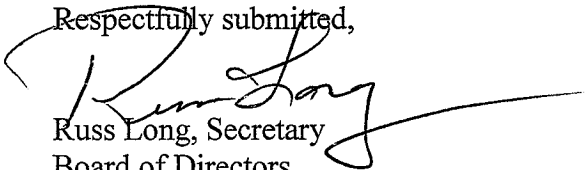
Darrell Snyder thanked the Board of Directors for the Time Warner package that is offered to the homeowners and stated it is a great program.

Mr. Moore thanked Mr. Snyder for his comment.

Mr. Moore stated the Annual Meeting Minutes of March 14, 2009, were approved by the membership. The membership also voted in favor of adopting IRS Revenue Ruling 70-604. Mr. Russ Long, Incumbent, was reelected, Mr. Richard Moore, Incumbent, was reelected, Mr. David Sari, Incumbent, was also reelected. All three were elected by the membership to serve a two year term on the PGA West Residential Association, Inc. Board of Directors.

Mr. Moore thanked everyone for coming. With no further discussion, Mr. Moore called for a motion to adjourn the meeting. Mr. Matthew Kozuh made a motion to adjourn the meeting at 9:15 AM. Seconded by Mr. Ronal Napier; passed unanimously. Mr. Moore called for the Board to take a ten minute break and then reconvene to the Special Board Meeting already in progress with the counting of the ballots. Mr. Moore invited all to stay and attend the remainder of the Board of Director's Meeting.

Respectfully submitted,


Russ Long, Secretary
Board of Directors